GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3945
ANSWERED ON:09.08.2002
FAKE LETTER OF CREDIT
BHUPENDRASINH PRABHATSINH SOLANKI

Will the Minister of FINANCE be pleased to state:

(a) whether the practice of issuing fake letter of credit is flourishing in the country;

(b) if so, whether any gang has been identified so far;

(c) if so, the action taken by the Government against them till date; and

(d) if so, the details thereof and if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a), (b), (c) & (d): Reserve Bank of India (RBI) has reported that out of 69 casesof frauds of rupees one crore and above reported by banks to RBI during theperiod July 2001 to June 2002, four cases involved fake/unauthorised issue ofLetters of Credit (LCs). As such it cannot be said that the practice of issuing fake letter of credit is flourishing in the country. No gang has been identified. However, bank officials found responsible for these lapses have been suspended and proceeded against departmentally.